
District of Columbia Retirement Board

FY 2002 Proposed Operating Budget:

\$13,387,875

FY 2002 Proposed Capital Budget:

\$0

The mission of the DC Retirement Board is to invest, control, and manage the assets of the DC Teachers' Retirement System and the DC Police Officers' and Fire Fighters' Retirement System.

Budget Summary

The FY 2002 proposed operating budget for the D.C. Retirement Board from all funding sources totals \$13,387,875, an increase of \$1,974,133 or 17.3 percent from the FY 2001 approved budget (table DY0-1). The increase in FY 2002 is primarily attributable to investment management fees that are directly related to the growing fund asset value that the board is charged with administering. There are 14 full-time equivalents (FTEs) supported by this budget, no change from the FY 2001 level (table DY0-2).

FY 2002 Initiatives

In FY 2002, the D.C. Retirement Board will implement the Police Officers' longevity pay benefit enhancement enacted in FY 2001 by the United States Congress.

Agency Background

The D.C. Retirement Board sets overall policy to manage the District's Teachers', Police Officers', and Fire Fighters' Retirement Systems. The Retirement Board ensures that beneficiary pay-

ments are made and provides oversight on the investment of the retirement fund assets.

As of September 30, 2000, the combined value of the retirement funds was \$2.2 billion, representing an increase of \$300 million from September 30, 1999. As of September 30, 2000, the number of contributing employees totaled 10,927 (6,141 in the Teachers' Retirement System and 4,786 in the Police Officers' and Fire Fighters' Retirement System).

Twelve trustees serve on the board: three are appointed by the Mayor, three are appointed by the District of Columbia Council, and six are elected by their beneficiary and participant groups. Since inception, the board has operated under a committee system. Currently, the board has five standing committees: Benefits, Investment, Legislative, Operations, and Minority Participation.

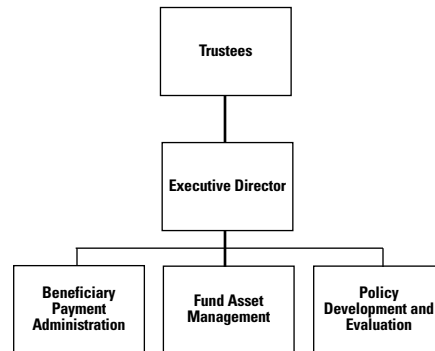
Programs

The board and its staff (figure DY0-1) have statutory and operational responsibilities in the following areas:

The FY 2002 Proposed operating budget from all funding sources totals \$13,387,875, an increase of \$1,974,133, or 17.3 percent, over the FY 2001 approved budget.

Figure DY0-1

District of Columbia Retirement Board



- Custody and investment retirement funds
- Oversight of contributions to the funds by the District government and employees
- Oversight of benefit payments to annuitants
- Reporting and disclosures
- Organization and operation of the board.

The board fulfills its mission through three primary activities:

- Benefit payment administration
- Fund asset management
- Retirement system policy development and review.

Funding Summary

Of the total budget increase, 70 percent is associated with the increased cost of investment management as the value of total fund asset increases. Investment management fees are calculated as a percentage of the value of the assets being managed. The \$193,948 increase in personal services reflects the new compensation system approved and implemented by the board in FY 2001. Historically, the operating budget for the board has been 100 percent funded by other funds, specifically from the investment earnings on the assets of the retirement plans. Refer to the FY 2002 Operating Appendices (bound separately) for details.

Trend Data

Table DY0-3 shows expenditure history for FY 1998–FY 2002.

Agency Goals and Performance Measures

Goal 1. Achieve long-term rate of return in excess of the actuarially assumed rate of return.

City-wide Strategic Priority Area: Making government work

Manager: Sheila Morgan-Johnson, Chief Investment Officer

Supervisor: Jorge Morales, Executive Director

Performance Measure 1.1: Performance of the actuarial rate versus the District's 10-year actual rate of return percentage

	1999	2000	Fiscal Year		
			2001	2002	2003
Target	7.25	7.25	7.25	7.25	7.25
Actual	11.9	13.5	—	—	—

Performance Measure 1.2: Performance of the customized annual benchmark versus the District's actual rate of return percentage

	1999	2000	Fiscal Year		
			2001	2002	2003
Target	20.5	13.2	8.3	8.9	7.25
Actual	18.5	14.2	—	—	—

Table DY0-1

FY 2002 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

D.C. Retirement Board

	Actual FY 2000	Approved FY 2001	Proposed FY 2002	Change from FY 2001
Regular Pay - Cont. Full Time	576	901	1,060	159
Regular Pay - Other	68	65	65	0
Additional Gross Pay	99	70	80	10
Fringe Benefits	90	146	171	25
<i>Subtotal Personal Services (PS)</i>	<i>833</i>	<i>1,182</i>	<i>1,376</i>	<i>194</i>
Supplies and Materials	10	134	138	4
Communications	15	20	31	11
Rent - Land, and Structures	256	275	230	-45
Other Services and Charges	4,934	9,694	11,566	1,871
Subsidies and Transfers	0	0	0	0
Equipment and Equipment Rental	10	108	47	-61
<i>Subtotal Nonpersonal Services (NPS)</i>	<i>5,225</i>	<i>10,232</i>	<i>12,012</i>	<i>1,780</i>
Total Proposed Operating Budget	6,058	11,414	13,388	1,974

Table DY0-2

FY 2002 Full-Time Equivalent Employment LevelsD.C. Retirement Board

	Actual FY 2000	Approved FY 2001	Proposed FY 2002	Change from FY 2001
Continuing full time	13	13	0	
Term full time	1	1	1	0
Total FTEs	9	14	14	0

Table DY0-3

FY 2002 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

D.C. Retirement Board

	Actual FY 1998	Actual FY 1999	Actual FY 2000	Approved FY 2001	Proposed FY 2002
Local	1	0	0	0	0
Other	1,985	14,157	6,058	11,414	13,388
Gross Funds	1,986	14,157	6,058	11,414	13,388

Performance Measure 1.3: U.S. equity target asset allocation percentage versus the District's actual as of September 30

	1999	2000	Fiscal Year		
			2001	2002	2003
Target	43.7	43.7	43.7	43.7	43.7
Actual	49.5	41.6	—	—	—

Performance Measure 1.4: Non-U.S. equity target asset allocation percentage versus the District's actual as of September 30

	1999	2000	Fiscal Year		
			2001	2002	2003
Target	20.0	20.0	20.0	20.0	20.0
Actual	20.7	19.5	—	—	—

Performance Measure 1.5: U.S. fixed income target asset allocation percentage versus the District's actual as of September 30

	1999	2000	Fiscal Year		
			2001	2002	2003
Target	30.3	30.3	30.3	30.3	30.3
Actual	16.7	30.3	—	—	—

Performance Measure 1.6: Real estate target asset allocation percentage versus the District's actual as of September 30

	1999	2000	Fiscal Year		
			2001	2002	2003
Target	0.0	0.0	0.0	0.0	0.0
Actual	1.2	0.5	—	—	—

Performance Measure 1.7: Alternative investment target asset allocation percentage versus the District's actual as of September 30

	1999	2000	Fiscal Year		
			2001	2002	2003
Target	5.0	5.0	5.0	5.0	5.0
Actual	5.9	5.0	—	—	—

Performance Measure 1.8: Short-term cash target asset allocation percentage versus the District's actual as of September 30

	1999	2000	Fiscal Year		
			2001	2002	2003
Target	1.0	1.0	1.0	1.0	1.0
Actual	6.0	3.1	—	—	—